COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT FILING OF	)	CASE NO.
KENTUCKY FRONTIER GAS, LLC DBA COW	)	2012-00396
CREEK GAS, INC.	)	

ORDER

On June 8, 2006, in Case No. 2006-00171,[1] the Commission approved rates for Cow Creek Gas, Inc. ("Cow Creek") and provided for their further adjustment in accordance with Cow Creek's Gas Cost Adjustment ("GCA") clause. On January 11, 2008, Cow Creek acquired the assets of the former Sigma Gas Corporation ("Sigma") and adopted Sigma's tariffs for furnishing natural gas to Sigma customers in Johnson, Floyd, and Magoffin counties.[2] On May 10, 2010, Kentucky Frontier Gas Company, LLC acquired the stock of Cow Creek, pursuant to the Commission's approval of the transfer, and adopted Cow Creek's tariffs.[3]

On August 31, 2012, Cow Creek filed its proposed GCA to be effective October 1, 2012.

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[1] Case No. 2006-00171, Application of Cow Creek Gas, Inc. for Authority to Adjust Its Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities (Ky. PSC June 8, 2006).

[2] Case No. 2007-00419, Application of DLR Enterprises, Inc. and Cow Creek Gas, Inc. for Approval of the Transfer of Certain Assets Formerly Owned and Controlled by Sigma Gas Corporation (Ky. PSC Nov. 21, 2007).

[3] Case No. 2010-00076, Application of Kentucky Frontier Gas Company, LLC for Approval of Transfer of Stock of Cow Creek Gas, Inc., Dema Gas Company, Inc., Purchase of Farm Tap and Royalty Gas Customers of Interstate Natural Gas Company and Transfer of a Portion of DLR Enterprises, Inc. Pipeline to Cow Creek Gas Inc. (Ky. PSC May 7, 2010).

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Cow Creek's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.

2. Cow Creek's notice sets out an Expected Gas Cost ("EGC") of $4.1405 per Mcf, which represents an increase of $.3573 per Mcf from the previous EGC of $3.7832 per Mcf.

3. Cow Creek's notice sets out no current quarter Refund Adjustment ("RA"). Cow Creek's notice sets out no total RA, which is no change from the previous total RA.

4. Cow Creek's notice sets out a current quarter Actual Adjustment ("AA") of ($.3389) per Mcf. Cow Creek's total AA is ($1.4854) per Mcf, which is an increase of $.2657 per Mcf from the previous total AA of ($1.7511) per Mcf.

5. Cow Creek's proposed GCA of $2.6550 per Mcf contained a spread sheet calculation error. Cow Creek's corrected GCA of $2.6551 is an increase of $.6230 per Mcf from the previous GCA of $2.0321 per Mcf.

6. The rates in the Appendix to this Order are fair, just, and reasonable and should be approved for service rendered on and after October 1, 2012.

IT IS THEREFORE ORDERED that:

1. The rates proposed by Cow Creek are denied.

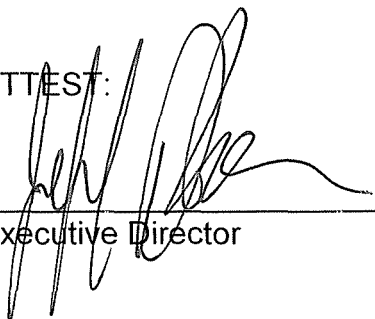2. The rates in the Appendix to this Order are approved for service rendered on and after October 1, 2012.

3. Within 20 days of the date of this Order, Cow Creek shall file revised tariff sheets with this Commission setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

By the Commission

ENTERED

SEP 19 2012

KENTUCKY PUBLIC
SERVICE COMMISSION

Commissioner Breathitt is abstaining from this proceeding.

ATTEST:

_____
Executive Director

Case No. 2012-00396

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2012-00396 DATED SEP 19 2012

The following rates and charges are prescribed for the customers in the area
formerly served by Sigma Gas Corporation and now served under the name Cow Creek
Gas, Inc. All other rates and charges not specifically mentioned herein shall remain the
same as those in effect under authority of this Commission prior to the effective date of
this Order.

RATE SCHEDULES

	Base Rate	Gas Cost Recovery Rate	Total Rate
First Mcf	$6.2500	$2.6551	$8.9051
Over 1 Mcf	$4.5522	$2.6551	$7.2073
Minimum Bill	$8.9051		

Dennis R Horner
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